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United States Department of State
Washington, D.C. 20520

October 22, 1987

MEMORANDUM

TO: EAP - Dr. Sigur

FROM: EAP/P - Alexander Almasov

SUBJECT: Noon Press Briefing
Spokesman: Phyllis Oakley

CHINA

Oakley was asked if we believe China is still supplying "Silkworm" missiles to Iran. She replied: "We have discussed this, the question of our views and concerns about China and 'Silkworms' before. We have pointed out..." She then read the text of the attached guidance. "But do we think the Chinese are still supplying them?" the questioner persisted. Oakley said: "I'm not offering any evaluation on that. I'm simply saying that we have raised the issue with the Chinese. We continue to do so."

ABC's Meserve cited the report in today's Wall Street Journal and asked if we were taking trade action against the PRC as a result of the "Silkworm" sales to Iran. Oakley read the first answer on the attached guidance. Asked if this action is linked specifically to the "Silkworm" sales, Oakley read the second answer on the guidance.

Oakley was asked if it were an "inappropriate time" in light of the "Silkworm" sales. She answered: "Well, what we've said -- because of the rising tensions in the Gulf, just as I stated today."

AP's Gottlieb asked if the review (of technology controls) Oakley mentioned is done periodically or continuously. She replied: "These are questions that we keep under continuous review as various things are brought up. I think that that's just a logical assumption about any review process of this sort."

Another reporter asked if Ambassador Lord made a protest to the Chinese after the "Silkworm" missile hit the US-flag ship in Kuwaiti waters. "I just have no way to comment. Again, this gets into private diplomatic exchanges," Oakley said.

A Mideast newsmen asked if Oakley had "any inkling" where the "Silkworms" came from. She said: "I said that we knew that this 'Silkworm' had come from the installation in occupied Iraqi territory. You're asking about the origin of the weapon. And we have said, again, that we assume that these have been Chinese and that we have raised this issue with the Chinese Government."

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Oakley was asked to describe the further liberalizations which were, until now, under consideration. She responded: "I don't have the exact details of that case that we were looking at. I think it comes up in the sense of specific cases of granting licenses. I just don't have those details. I'm not sure that we ever get into the details of those cases and what the considerations are."

Gottlieb asked if Oakley were talking about high-tech products or general rules. "It's controls, high-tech export controls on specific products is what I believe to be the situation," Oakley said.

UPI's Quinn asked if this action being taken because of "tension in the Gulf" is a sanction against China, or is it because the items themselves might wind up in the Gulf and add to the tensions? Oakley replied: "Again, I'm not drawing any links like this. What we're talking about is a period of tension, obvious in the Gulf, and that we feel at this point it's simply inappropriate to proceed with our review of further export control liberalization with the PRC."

Another reporter asked if, in our talks with the Chinese, the US showed the Chinese photographs of "Silkworms" being loaded in Chinese ports and unloaded in Iranian ports. "Again, that gets into questions of details in our diplomatic exchanges I just can't get into," Oakley said.

Oakley was asked about the timing of the decision not proceed with the review. Did it come after the ship was hit? Oakley answered: "I just can't help you on the details of that decision. It gets into internal deliberations. I just have nothing on that."

Attachments: As stated

EAP/P:KBailes

Posted: October 21, 1987

TAKEN QUESTION

CHINA SILKWORM MISSILE

Question Taken at the Oct 20 Daily Press Briefing

Q: Have there been recent talks with the Chinese concerning Iran's use of Silkworm missiles?

A: WE HAVE CONSULTED WITH THE CHINESE RECENTLY, BOTH IN WASHINGTON AND IN BEIJING, CONCERNING RECENT EVENTS IN THE PERSIAN GULF. AS A PERMANENT MEMBER OF THE UN SECURITY COUNCIL, CHINA HAS AN IMPORTANT ROLE TO PLAY IN THE COUNCIL'S DELIBERATIONS ON THE IRAN-IRAQ WAR. WE CONSULT FREQUENTLY WITH THE CHINESE ON THE GULF SITUATION; AND, AS I HAVE STATED HERE IN THE PAST, WE HAVE RAISED OUR CONCERN OVER SILKWORM MISSILES.

DRAFTED:EAP/CM:KJarrett

CLEARED:EAP:RWilliams.

EAP PRESS GUIDANCE

October 22, 1987

EXPORT CONTROL LIBERALIZATION FOR CHINA

Q: Do you have any comment on today's Wall Street Journal report that the US has shelved liberalization of high-tech export controls on China because of PRC arms sales to Iran?

A: DURING THIS PERIOD OF RISING TENSIONS IN THE GULF, WE HAVE DECIDED NOT TO PROCEED FOR NOW WITH REVIEW OF CERTAIN LIBERALIZATIONS OF HIGH-TECHNOLOGY EXPORT CONTROLS ON THE PRC. I WOULD NOTE, HOWEVER, THAT IN RECENT YEARS THE U.S. HAS GRADUALLY LIBERALIZED CONTROLS ON HIGH-TECH EXPORTS TO CHINA, BASED ON THE CONTINUING DEVELOPMENT OF U.S.-CHINA RELATIONS. WE REMAIN COMMITTED TO FURTHER LIBERALIZATION, WHICH WE BELIEVE BENEFITS BOTH COUNTRIES. THE PACE AND TIMING OF LIBERALIZATION WILL VARY, AS IT HAS IN THE PAST.

Q: Is there a specific action you are seeking from the Chinese before export control liberalization will resume?

A: I AM NOT SUGGESTING THAT WE ARE SEEKING A SPECIFIC ACTION FROM THE CHINESE. WE SIMPLY CONSIDER THIS AN INAPPROPRIATE TIME TO PROCEED WITH OUR REVIEW OF FURTHER EXPORT CONTROL LIBERALIZATION.

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